

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**CORRECTED  
FISCAL NOTE**

**SB 414 - HB 975**

March 4, 2023

**SUMMARY OF BILL:** Removes the requirement that no other qualified teachers are available to substitute teach for a retired teacher who is a member of the Tennessee Consolidated Retirement System (TCRS) to return to substitute teaching for 120 days a year and continue to draw retirement benefits. Removes the requirement that a retired teacher who is a member of TCRS can only serve for one-year periods as a substitute teacher unless reappointed.

Repeals the expiration of the provision allowing retired teachers to return to substitute teaching and continue to draw retirement benefits and extends this ability indefinitely. Removes the requirement that it be certified in writing that the retired teacher returning to substitute teaching has the requisite experience and training for the position to be filled. Removes the requirement that the employer of a retired teacher who returns to teaching must pay the greater of a payment equal to the amount the employer would have contributed to the retirement system had the retired member been a member of the retirement system during the period of reemployment or an amount equal to five percent of the retired member's pay rate to TCRS to fund the period of reemployment.

**ESTIMATED FISCAL IMPACT:**

Based on additional information received from TCRS, the original fiscal note, issued on February 26 has been updated as follows:

**(CORRECTED)**

**Decrease State Revenue – \$1,401,700/FY23-24 and Subsequent Years/TCRS**

**Decrease Local Expenditures – \$1,401,700/FY23-24 and Subsequent Years**

**Assumptions:**

- The proposed legislation will require programming changes to TCRS's recordkeeping system that will be made utilizing existing resources without a significant increase in state expenditures.
- According to information provided by TCRS, based on the June 30<sup>th</sup>, 2022 actuarial valuation, the average teacher salary is \$65,570. For the purposes of this analysis, it is assumed that a teacher who returns to substitute teaching will stay for a full fiscal year.
- The current actuarially determined contribution for employers of teachers in the TCRS Legacy Retirement Plan is 8.69 percent; therefore, removing the employer contribution

requirements will require and decrease in state revenue of \$5,698 ( $\$65,570 \times 8.69\%$ ) per retired teacher who returns to substitute teaching in FY23-24 and subsequent years.

- According to information provided by TCRS, 246 retired teachers have returned to work under the current standards in Tenn. Code Ann. § 8-36-822. For the purposes of this analysis, this number is expected to remain constant in perpetuity.
- The recurring decrease in state revenue is estimated to be \$1,401,708 ( $\$5,698 \times 246$ ).
- According to TCRS, this liability is funded 100 percent locally.
- The recurring decrease in local expenditures is estimated to be \$1,401,708

### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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